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July 1, 2010

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Case 14524

Mark E. Fesmire, P.E.  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: Objection to Application for an unorthodox location

Dear Mr. Fesmire:

I object to Chi Operating's Application for an unorthodox well location for the following well:

Well Name:	Munchkin Fed. Well No. 22
Surface Location:	750 feet FNL & 1805 feet FWL
Bottom Hole Location:	750 feet FNL & 2620 feet FWL
	Well Unit: NE4NW4 of Section 12, Township 19 South, Range 30 East, Eddy County, New Mexico

I object on the following basis:

I hold an assigned interest in Lease VO-6639 (NW4NE4 of Section 12, T19S R30E) which is immediately east of Chi's requested unorthodox location. My interest in the lease is subject to the Joint Operating Agreement for the Chi Landrush 12 Fed. Com. # 2 covering the East ½ of Section 12.

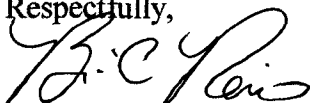
I have requested personally requested that Chi (as operator of the East ½ of section 12) drill a Delaware test on our lease as an extension of their Munchkin Delaware program. Chi has refused over the past 5 years.

Chi is now requesting a bottom hole location only 20 feet from our lease line with the intent to attempt a completion as a Delaware oil producer. Regardless of whether or not this well eventually becomes an injection well, any attempt at completing this well as a Delaware producer would result in drainage of our lease and loss of correlative rights.

Brian C. Reid, requests that this application for an unorthodox location be DENIED.

Thank you for your time and your consideration of this objection.

Respectfully,

  
Brian C. Reid

cc: James Bruce, Atty. for Chi Operating, Inc.  
Chi Operating, Inc.